

Message Text

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ACTION EB-07

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SUBJECT: MTN: US NEGOTIATING OBJECTIVES

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1. SUMMARY: TANZANIA'S TRADE REGIME, SPECIFICALLY THE IMPORTS
SECTOR, IS ALMOST WHOLLY STATE-CONTROLLED AND SUBJECT TO
STRINGENT LICENSING FOR PRACTICALLY ALL IMPORTS FROM ANY FOREIGN
SOURCE, INCLUDING HER EAST AFRICAN COMMUNITY (EAC) AND COMMON
MARKET PARTNERS. REF B DESCRIBES TANZANIA'S IMPORTS CONTROL
MEASURES WHICH ARE APPLIED NON-DISCRIMINATELY WITH PURPOSE OF
CONSERVING MEAGRE FOREIGN RESERVES, PROTECTING LOCAL INFANT
INDUSTRIES, AND REDUCING PERSISTENT TRADE DEFICITS. TANZANIA
DOES NOT EXTEND MOST FAVORED NATION TREATMENT ON CUSTOMS
TARIFF TO ANY SINGLE COUNTRY. RATES OF IMPORT DUTY AND SALES
TAX ARE UNIFORM ON ALL FOREIGN IMPORTS. THEREFORE, WOULD
APPEAR BE LITTLE BASIS AT PRESENT FOR US TO NEGOTIATE
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TARIFF CONCESSIONS WITH TANZANIA. END SUMMARY.

2. REGIONAL TRADE AGREEMENTS: TANZANIA HAS SO FAR MAINTAINED
A UNIFORM CUSTOMS TARIFF WITH HER EAC PARTNERS, KENYA AND
UGANDA, UNDER PROVISIONS OF A COMMON MARKET (CUSTOMS UNION)
CONCEPT EMBODIED IN THE 1967 TREATY FOR EAST AFRICAN

CO-OPERATION. THE COMMON MARKET PROVISIONS, INTER ALIA, PROVIDE FOR EASY ACCESS TO MARKETS WITHIN EAC. HOWEVER, KENYA HAS ACCUSED TANZANIA OF VIOLATING ROUTINELY THE COMMON MARKET RULES BY RESTRICTING IMPORTS FROM KENYA AND BY FAVORING CHINESE IMPORTS UNDER A BILATERAL TRADE AGREEMENT WITH PRC IN CONJUNCTION WITH CHINESE LOAN TO BUILD A RAILWAY. TANZANIA HAS ALSO RECENTLY EXPANDED TRADE RELATIONS WITH MOZAMBIQUE AFTER ESTABLISHING MOZAMBIQUE-TANZANIA JOINT COMMISSION ON CO-OPERATION EARLY THIS YEAR.

3. NEGOTIATION FOR TARIFF CONCESSIONS: PRINCIPAL US EXPORTS TO TANZANIA ARE AND WILL CONTINUE TO BE AGRICULTURAL, MINING, CONSTRUCTION AND INDUSTRIAL MACHINERY AND EQUIPMENT. OCCASIONAL US FOOD AID SHIPMENTS AND GOVERNMENT PROCUREMENTS UNDER FOREIGN AID PROGRAM CONSTITUTE BULK OF OTHER IMPORTS FROM US. ABOVE CATEGORIES OF IMPORTS ARE DUTY FREE. LIST OF DUTIABLE ITEMS IS LONG AND VARIED WITH HARDLY ANY ITEM CONCENTRATED ON SINGLE SOURCE OF SUPPLY. SUCH A SITUATION SEEMS LEAVE LITTLE ROOM OR BASIS FOR NEGOTIATING TARIFF CONCESSIONS ON PARTICULAR PRODUCTS.

4. TANZANIAN EXPORTS TO US AVERAGE LESS THAN SEVEN PER CENT OF HER TOTAL EXPORTS AND ARE COMPRISED OF LIMITED RANGE OF AGRICULTURAL PRODUCTS WHICH MOSTLY HAVE DUTY FREE ENTRY INTO US OR ARE COVERED BY GSP. HOWEVER, TANZANIA IS ANXIOUS TO DEVELOP FOREIGN OUTLETS INCLUDING US FOR HER COTTON FABRICS PRINTED WITH NATIVE DESIGNS. THIS PROBABLY ONLY PRODUCT FOR WHICH TANZANIA MIGHT BE WILLING NEGOTIATE.

5. NON-TARIFF MEASURES: ONLY SIGNIFICANT NON-TARIFF LIMITED OFFICIAL USE

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MEASURES TANZANIA PRACTICES ARE (A) PREFERENCE TO IMPORTS FROM PRC UNDER A BILATERAL TRADE AGREEMENT AND (B) PRE-SHIPMENT INSPECTION AT SOURCE OF ORIGIN FOR IMPORTS FROM MOST COUNTRIES VALUED AT \$2,400 OR MORE. (EXEMPTED CATEGORIES AND COUNTRIES ARE LISTED IN REF C.) MANY TRADE SOURCES CONSIDER PRE-SHIPMENT INSPECTION AN ADMINISTRATIVE OBSTACLE RESULTING IN DELAYED SHIPMENTS AND ALSO A DETERRENT TO ESTABLISHING TRADE CONNECTIONS WITH NEW SUPPLIERS. EXEMPTION OF US GOODS FROM PRE-SHIPMENT INSPECTION WOULD BE AN IMPORTANT ADVANTAGE TO US SUPPLIERS AND ACT AS INCENTIVE TO TANZANIAN BUYERS. WE DOUBT, HOWEVER, TANGOV WOULD BE WILLING GRANT SUCH A CONCESSION.
LEVIN

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